## Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

**Part I: Measure Information** 

Bill Request #: 1681
Bill #: HB 378
Bill Subject/Title: AN ACT relating to motor vehicle usage tax
Sponsor: Rep. Hubert Collins
Unit of Government:  City  x  County  x  Urban-County  Unified Local  x  Consolidated Local  x  Government
Office(s) Impacted: County clerk's offices
Requirement: Mandatory Optional
Effect on Powers & Duties:x _ Modifies Existing Adds New Eliminates Existing
Part II: Purpose and Mechanics

HB 378 modifies KRS 138.470 to exempt resident military service members who are on duty in Kentucky from the usage tax on motor vehicles purchased from a Kentucky dealer.

## Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of HB 378 on local government is expected to be an indeterminable loss of revenue for county clerks.

Under KRS 138.460, county clerks collect a 6 percent usage tax on all motor vehicles, 3 percent of which is retained by the county clerk. The provisions of HB 378 would exempt resident military service members who are on duty in Kentucky from this tax, thus resulting in lost revenue for the county clerks. The exact amount of lost revenue is indeterminable since the number of active duty service members who might purchase a motor vehicle in a given year from a Kentucky dealer is unknown. However, one might predict that the counties surrounding the three largest military bases in Kentucky would be most affected. They are: Fort Campbell (Christian County), Fort Knox (Bullitt, Hardin, and Meade Counties), and to a lesser degree Bluegrass Army Depot (Madison County). There is also a very minor Coast Guard presence in Louisville, Ky. There are approximately 40,000 active duty military personnel based in Kentucky.

**Data Source(s):** <u>LRC Staff</u>

Preparer: Christopher T. Hall Reviewer: KHC Date: 2/13/15